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Commissioner Donelon Announces Sixth Round of Citizens Depopulation a Success

Louisiana Insurance Commissioner Jim Donelon has announced that Louisiana Citizens Property Insurance Corporation (Citizens) has completed a sixth round of depopulation with significant results. 6,877 residential (personal lines) policies are being transferred to the private insurance market through four companies, thereby dropping Citizens policy count to below 100,000 residential policies and to around 105,000 total policies, including commercial.

With this annual round of policy “take-outs,” Citizens is predicted to have dropped to an estimated 3.8 percent homeowners market share, ranking it eighth in market share size in Louisiana. Citizens’ market share was approximately 4.1 percent at the close of 2011. This round of depopulation will reduce its overall policy count from an all-time high of 174,000 policies in February 2008.

“Louisiana’s property insurance market continues to show strong improvement with another new company demonstrating a willingness to write in the residential sector after the setback caused by Hurricanes Katrina and Rita in 2005,” said Commissioner Donelon. “With this Depopulation Program, homeowners now have a broader range of options for insurance and many policyholders have previously lowered their premiums by hundreds or even thousands of dollars after having their policy moved out of Citizens to a private insurance company through this process.”

Those whose policies were transferred to the private insurance market with this Depopulation Program will benefit by now having lower premiums since as the insurer of last resort Citizens’ rates are required by law to be the highest rate in each parish. All Louisiana property owners benefit from this reduction of Citizens policies as it reduces the need for future assessments charged to property insurance consumers in the event of another Katrina-level event.

The four companies successfully making offers to write homeowners policies currently written by Citizens are Access Home Insurance Company, Centauri Specialty Insurance Company, Lighthouse Property Insurance Corporation and Maison Insurance Company. Altogether, 29,241 unique policies were requested by these companies and 6,877 policies were authorized to be moved. This is the first time Maison Insurance Company has participated in the Depopulation Program. Citizens’ policyholders who

authorized their policies moved to another company have 60 days to decide whether they prefer to remain with Citizens beginning on the assumption date of December 1, 2012. In prior rounds, typically less than two percent of Citizens policyholders opted out and chose to remain with Citizens.

“I am grateful to the four companies removing policies from Citizens with this depopulation cycle, including Maison Insurance, the company that is new to our market,” said Commissioner Donelon. “The increased competition we are currently experiencing along the coastal parishes is a win-win scenario for all Louisiana property insurance policyholders.”

With this sixth round of Citizens Depopulation Program, Citizens will have reduced its policy count by 74,539, a 43 percent decrease from the all-time high of 174,000 policies. In the five previous rounds of Citizens depopulation, Citizens saw the following reductions in policy counts: round one - 26,595 policies on June 1, 2008, round two - 13,343 policies on December 1, 2008, round three - 3,368 policies on April 1, 2009, round four - 13,466 policies on December 1, 2010 and round five - 10,890 policies on December 1, 2011.